

January 7, 2010 (Revised January 19, 2010)

Ms. Paula Bertram, Chairperson
Lunenburg Sewer Commission
Ritter Building
960 Massachusetts Avenue
Lunenburg, Massachusetts 01462

***Re: Wastewater Consulting Services Proposal
Lunenburg, Massachusetts***

Dear Ms. Bertram:

Weston & Sampson Engineers, Inc. is pleased to provide you with this proposal for consulting engineering services related to assistance with outstanding sewer system and sewer financing issues in Lunenburg, Massachusetts. The proposal is in response to your recent request and based on our discussions at the Commission Meeting on December 9, 2009.

Based on the discussions at the December 9, 2009 and January 13, 2010 Commission Meetings, several items were identified that the Commission may want Weston & Sampson to provide assistance on. These include:

1. Intermunicipal Agreement (IMA) Development and negotiations for amendments to and extensions of current Agreements with Fitchburg and/or Leominster.
2. Assistance with implementation of a Fats-Oils-Grease (FOG) Program.
3. Assistance with facility operations and equipment needs (i.e. flow metering, system controls and alarms, pumping equipment, variable speed drives, etc.)
4. Assistance with Sewer System Rules and Regulations enhancements to include establishment of additional fees (i.e. Connection Fees, Capacity Fees, etc.) to allow recovery of sunk sewer system costs.
5. Provide technical reviews of major sewer extensions.

Weston & Sampson has the experience and capabilities to deal with all of the above-mentioned items, based on our work for many Massachusetts municipalities.

Our understanding is that the Commission currently needs assistance in addressing a new IMA with the City of Fitchburg. This is needed at this time due to the fact that the Town requires added capacity for future sewer extensions and connections as outlined in the recently completed CWMP. Without that added treatment system capacity assigned to Lunenburg, such added sewer service would not be possible. While the "Tri-Town" project is also a factor in addressing inter-municipal issues with Fitchburg, we understand that Lunenburg would prefer to not deal with the Tri-Town Project as part of the IMA negotiations.

In addition, the Commission would like assistance in addressing additional outstanding issues, (some of which are listed above) to improve system operations and to generate added revenue to support system operations and future expansion.

BACKGROUND

To more fully understand the Town's needs and to have a better grasp of the outstanding issues related to the Fitchburg IMA we have reviewed the following documents:

- Town of Lunenburg CWMP (Phase IV) with Appendices.
- City of Fitchburg Sewer Enterprise Fund Cost Data (FY 2003 to FY 2005) and Budget Data for FY 2006 (from Weston & Sampson Project Files)
- Fitchburg/Lunenburg Intermunicipal Agreement dated March 11, 1994
- Lunenburg Sewer Use Regulations (May 2005)
- Draft Revised Fitchburg – Lunenburg IMA (dated June 1, 2009)
- Miscellaneous Correspondence concerning Tri-Town Project, Fitchburg IMA, Draft NPDES Permit, etc.

Based on our preliminary review of some of the above documents, while at the December 9, 2009 and January 13, 2010 Sewer Commission meetings, we have already provided some suggested concepts and agreement sections that should be considered for inclusion in the revised IMA. These include, but are not limited to, the following:

- a. Term of IMA (25 years vs. 20 years).
- b. Requirements for interim reviews of the IMA by both parties every five years to verify that all terms continue to be acceptable by both parties and to address any issues that were not known when the agreement was signed and to address any unintended consequences of the Agreement Terms.
- c. Requirements in the June 1, 2009 Draft IMA that are not feasible or are not appropriate.
- d. Addressing how metering of Lunenburg's future flows will affect Agreement Terms.
- e. Provisions for addressing disputes.
- f. Lunenburg's responsibilities for I/I reduction in Fitchburg and for the cost of CSO and/or combined system capital costs.
- g. Timing of anticipated future flows, basis of flow estimates and provisions for payment of capital expenditures in the event such flows are not realized.
- h. Basis for future cost allocation percentages in the June 1, 2009 Draft IMA.
- i. Basis of cost for user fees cited in the Draft IMA.
- j. Possible inclusion of formulas (and projected estimated costs) for capital improvements that Fitchburg and Lunenburg agree that Lunenburg will share proportionately, based on stated flows.

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SCOPE OF SERVICES

As stated above, we anticipate that the initial assignment will focus mostly on the Fitchburg-Lunenburg IMA. Weston & Sampson's role will primarily be in an advisory capacity, addressing technical issues; cost issues and implications; and terms and conditions routinely found in most Wastewater IMA's between Massachusetts municipalities. ***(It is assumed that Lunenburg will retain legal counsel to address all legal issues regarding the IMA.)***

The work by Weston & Sampson will include, but not be limited to, the following:

1. Attend meetings and work sessions with the Lunenburg Sewer Commission, and other Town Officials and staff to discuss an approach and/or strategy to address outstanding IMA issues.
2. Contact responsible City of Fitchburg staff to discuss the June 1, 2009 Draft IMA and to establish those Terms (and suggested modifications to those Terms) that are acceptable to both the City and the Town of Lunenburg.
3. Prepare Technical Memorandums on major items in Draft IMA's to address:
 - a. Wastewater Flow commitments and costs for existing and future flows
 - b. NPDES Permit Issues
 - c. Agreement Terms (with input from legal counsel)
 - d. Regional System Costs allocable to Lunenburg, including cost basis
 - e. Timing of Payments
 - f. Equitability of Charges to Lunenburg system users (including indirect costs)
3. Prepare requests for clarification and backup of specific project costs and cost sharing as assigned by Fitchburg to Lunenburg (both existing and future)
4. Attendance at a negotiating session with Lunenburg and Fitchburg.
5. General advice to Lunenburg based on short-term impacts/outcomes and the long view

With regard to other issues listed herein, and other, yet to be identified concerns of the Commission, a portion of the initial projected budget will be allocated to those items as requested by the Commission. To the extent possible, the Commission will be actively engaged in conducting specific tasks and/or providing assistance to minimize the effort required by Weston & Sampson. Some of the Tasks to be completed by Weston & Sampson could include:

1. Fats-Oils-Grease (FOG) Program
 - a. Provide copies of Bylaws and Regulations used by other Massachusetts Municipalities to enact FOG Programs.
 - b. Provide guidance to Town Staff to conduct inspections to target excess FOG contributions toward enforcing the Town's regulations.

2. Facility Operations and Equipment Needs
 - a. Review operational problems with the Sewer Superintendent and staff and recommend equipment improvements and/or operational changes to improve efficiency.
 - b. Provide access to Weston & Sampson's operations and maintenance staff, technicians and managers for system operation advice.
 - c. Provide Technical Memorandums, Specifications and Cost Estimates for operations and capital equipment needs.
3. Assist with Rules and Regulations
 - a. Provide suggested language to modify the Town's Bylaws and Rules and Regulations (based on their use by other Massachusetts Municipalities.
 - b. Discuss the advantages and disadvantages of implementing Fee Structures and systems used by other communities.
4. Technical Reviews
 - a. Assist the Commission by conducting Technical Reviews of private sewer extension proposals by others.
 - b. To the extent feasible, based on existing available information, provide an assessment of downstream impacts due to private sewer extensions.

ESTIMATED PROJECT SCHEDULE AND COST

Based on our experience with the development of several other IMA's throughout Massachusetts, we would anticipate that the process should take approximately four to six months to resolve outstanding issues with much of our effort taking place within the first two months. We are not sure how much progress has already been made toward modifying the 1994 IMA based on the June 1, 2009 Draft IMA. This approximate schedule also assumes that both parties want to "get it done", and will not get hung up on obvious minor contract terms.

As we discussed previously, we would anticipate that the cost for our services should not exceed \$15,000 for the IMA assistance. Recognizing that the Commission also requires assistance on other issues in addition to the IMA, and in response to the Commission's request at the January 13, 2010 meeting, we will allocate the original "Budgeted" amount as follows:

| <u>Part</u> | <u>Description</u> | <u>Estimated Cost</u> | Formatted: Underline |
|-------------|----------------------------|-----------------------|----------------------|
| A | Item 1: IMA Assistance | \$10,000 | Formatted: Underline |
| B | Items 2-5 Other Assistance | <u>5,000</u> | Formatted: Underline |
| | Total | \$15,000 | |

None of the above-described tasks are well-defined. Therefore, preparing a level-of-effort and cost for each item would be challenging and result in very "rough" estimates. Therefore, we

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propose to invoice the Commission monthly together with a description of the Tasks completed under Part A and/or Part B, above.

We would invoice the Town for work done based on a time worked plus expense basis, using the following rate chart:

| <u>POSITION</u> | <u>HOURLY RATE</u> |
|---------------------------|--------------------|
| Principal | \$190 |
| Associate/Project Manager | \$170 |
| Senior Engineer | \$130 |
| Engineer | \$90 |
| Clerical | \$50 |

Identifiable expenses, including specialty subconsultants (if needed), would be billed at cost plus 10 percent.

If the above arrangements are satisfactory to you, please indicate your acceptance by signing and returning one copy of this letter and the attached Terms and Conditions. Thank you for inviting us to submit this proposal. We look forward to continuing our association with you on this project.

If you have any questions, please contact us at (978) 532-1900.

Very truly yours,

WESTON & SAMPSON ENGINEERS, INC.

Francis W. Yanuskiewicz
Senior Vice President

ACCEPTED FOR THE TOWN OF LUNENBURG, MA

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By: _____

Town Accountant

Date: _____

Funds for this project
are available in
Account Number: _____

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Enclosure: Weston & Sampson General Terms and Conditions dated June 12, 2007

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